

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 595 - SB 862

April 13, 2015

SUMMARY OF ORIGINAL BILL: Makes changes to the *Tennessee Cosmetology Act of 1986*. Require any individual who becomes licensed as a cosmetologist, manicurist, aesthetician, or natural hair stylist on or after July 1, 2015 to, within 60 days of the anniversary of the issuance date, provide satisfactory proof that the licensee has attended a board-approved continuing education program for a minimum of 16 hours. Requires any person that held a cosmetologist, manicurist, aesthetician, or natural hair stylist license prior to July 1, 2015, who seeks to have the license reinstated, to first: pay a penalty fee as set by the Board of Cosmetology and Barber Examiners (Board); pass the state law and practical examination, as applicable; or demonstrate compliance with any additional penalties prescribed by the Board. If good cause is shown, the Board may grant a licensee up to one additional year for a licensee to submit proof of compliance with these new requirements. Any license of an individual who fails to provide such proof within the required 60 days or upon any additional time granted by the Board will have such license invalidated until the licensee can provide such proof, pay any assessed penalties and reapply for such license.

Requires the Board to establish and administer a grant program to provide money to publicly funded colleges, universities, and secondary schools for the purpose of administering, funding, establishing, or otherwise operating a program of cosmetology, manicuring, aesthetics, or natural hair styling. Requires the Board to charge an additional \$2 fee for any initial or renewal license of any cosmetology, manicuring, shampoo technician, aesthetics, or natural hair styling license, to fund such grant program. The Board is required to promulgate rules for the application, award, and disbursement of this \$2 fee. The funds received pursuant to this fee will be deposited into a fund to offset any necessary expenditures incurred in administration of this grant program. Any unexpended funds will not revert to the general fund, but will remain in such fund for the purpose of administering the grant program.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$59,300/Board of Cosmetology and Barber Examiners
Grant Program

Increase State Expenditures - \$59,300/Board of Cosmetology and Barber Examiners Grant
Program

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Expenses - \$59,300/FY15-16 and Subsequent Years

HB 595 - SB 862

SUMMARY OF AMENDMENT (005760): Removes language in the original bill imposing a \$2 fee against certain licensees of the Board of Cosmetology and Barber Examiners and removes the requirement to establish a fund in conjunction with the collection of the \$2 fee. Authorizes the Board to establish and administer a scholarship program to provide money to publicly funded colleges, universities, and secondary schools for the purpose of administering, funding, establishing, or otherwise operating a program of cosmetology, manicuring, aesthetics, or natural hair styling. Authorizes the Board to allocate funds to be used for the scholarship program and to promulgate rules for the application, award, and disbursement of the funds.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - Exceeds \$10,000/Board of Cosmetology and Barber Examiners

Other Fiscal Impact – The increase in expenditures will be covered through current fee revenue of the Board of Cosmetology and Barber Examiners. If fee revenue cannot cover the increased expenditures, the Board will have to increase fees to remain self-sufficient. Collectively, as of June 30, 2014, the Board of Cosmetology and the Board of Barber Examiners had a combined cumulative reserve balance of \$289,944.

Assumptions for the bill as amended:

- Public Chapter 964 of 2014 conjoined the Board of Cosmetology and the Board of Barber Examiners into one Board, the Board of Cosmetology and Barber Examiners. This Public Chapter was enacted on July 1, 2014.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two year period.
- The Board of Cosmetology had an annual surplus of \$179,171 in FY12-13, an annual surplus of \$42,158 in FY13-14, and a cumulative reserve balance of \$512,135 on June, 30, 2014. The Board of Barber Examiners had an annual surplus of \$36,293 in FY12-13, an annual deficit of \$97,025 in FY13-14, and a cumulative deficit of \$222,191 on June, 30, 2014.
- The Board will incur additional expenditures in establishing a scholarship program.
- This legislation does not specify the amount of funds that the Board will provide to the scholarship program.
- It is assumed that any increase in expenditures will exceed \$10,000 per year.
- Collectively, as of June 30, 2014, the Board of Cosmetology and the Board of Barber Examiners had a combined cumulative reserve balance of \$289,944 (\$512,135 - \$222,191).
- It is assumed that any increase in expenditures incurred as a result of establishing this scholarship program can be paid out of the reserve balance of the Board and the Board will not expend an amount that will jeopardize the solvency of the Board.
- The Board can promulgate any necessary rules during regularly scheduled Board meetings at no additional cost.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption for the bill as amended:

- Any funds provided by the Board to publicly funded colleges, universities, and secondary schools for the purpose of administering, funding, establishing, or otherwise operating a program of cosmetology, manicuring, aesthetics, or natural hair styling is assumed to have no significant impact on businesses in this state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding", written in a cursive style.

Jeffrey L. Spalding, Executive Director

/jdb